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8 cynthia.nelson@fticonsulting.com
9 Trustee

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UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA

In re:
SOUTH EDGE, LLC,

Debtor.

SOUTH EDGE, LLC,

Appellant,

v.

JPMORGAN CHASE BANK, N.A.;
CREDIT AGRICOLE CORPORATE AND
INVESTMENT BANK; and WELLS
FARGO BANK, N.A.,

Appellees.

Case No.: 2:11-cv-00240-PMP-RJJ

(Bankruptcy Case No. 10-32968-bam
Chapter 11)

**Statement of the Chapter 11 Trustee,
Cynthia Nelson**

TO: THE HONORABLE PHILIP M. PRO
UNITED STATES DISTRICT JUDGE

1. On February 3, 2011, the Bankruptcy Court entered an *Order Directing Appointment of Chapter 11 Trustee* [Bankr. D.E. 401] if the Chapter 11 bankruptcy case titled *In re South Edge, LLC*, Case No. 10-32968-bam.

1 2. On February 20, 2011, the Office of the U.S. Trustee ("UST") filed with the
2 Bankruptcy Court the *Appointment of Trustee Cynthia Nelson* [Bankr. D.E. 441], a copy of
3 which is attached hereto as **Exhibit A**.

4 3. On February 21, 2011, the UST filed with the Bankruptcy Court the *Ex Parte*
5 *Application to Approve UST's Appointment of Chapter 11 Trustee, Cynthia Nelson* [Bankr.
6 D. E. 446], which was granted by the Bankruptcy Court's February 23, 2011 order [Bankr.
7 D.E. 449], a copy of which is attached hereto as **Exhibit B**.

8 4. As part of my administration of the bankruptcy estate of South Edge, LLC, I am
9 working to promptly retain counsel to represent me in this Chapter 11 case. The Court
10 may be aware that retention of counsel for a bankruptcy trustee requires bankruptcy court
11 approval after a written application and certain disclosures are filed.

12 5. Subject to discussions with my counsel, as the designated Chapter 11 trustee for
13 South Edge, LLC ("South Edge"), I believe that I am the party authorized to pursue the
14 appeal on South Edge's behalf. This is consistent with Judge Markell's ruling that a
15 neutral fiduciary is required to decide what is in the best interest of the South Edge estate.

16 6. Subject to discussions with my counsel, I understand that the Chapter 11 trustee has
17 the opportunity to assess the merits of the appeal and to take a position with respect to the
18 appeal and whether to continue it.

19 7. Accordingly, I would respectfully request that before the Court determines to take
20 any further action in the matter titled, *South Edge, LLC v. JPMorgan Chase Bank, N.A. et*
21 *al.* (Case No. 2:11-cv-00240-PMP-RJJ), it provide me, as the sole authorized
22 representative for South Edge, LLC, a reasonable amount of time to retain counsel, assess
23 the merits of the appeal with counsel, and decide what positions to take in this appeal.

24 8. Should Your Honor have any questions for me, I am happy to make myself
25 available to the Court at its convenience.

26 Dated: February 24, 2011

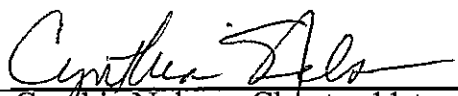
By: 
Cynthia Nelson, Chapter 11 trustee for
South Edge, LLC

EXHIBIT “A”

AUGUST B. LANDIS, ACTING UNITED STATES TRUSTEE
FOR REGION 17
State Bar # IA PK9228
august.landis@usdoj.gov
UNITED STATES DEPARTMENT OF JUSTICE
Office of the United States Trustee
300 Las Vegas Boulevard, So., Suite 4300
Las Vegas, Nevada 89101
Telephone: (702) 388-6600 Attorney Ext. 235
Facsimile: (702) 388-6658

E-filed February 20, 2011

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

SOUTH EDGE, LLC,

Debtor.

Chapter 11

Case No. BK-S-10-32968-bam

Hon. BRUCE A. MARKELL, Presiding

Date: February 3, 2011

Time: 9:30 a.m.

Place: Courtroom # 3

**APPOINTMENT OF CYNTHIA NELSON AS CHAPTER 11 TRUSTEE
FOR SOUTH EDGE, LLC**

Pursuant to 11 U.S.C. § 1104(d) and this Court's February 3, 2011 Order Directing Appointment of Chapter 11 Trustee [Docket # 401], August B. Landis, Acting United States Trustee for Region 17, appoints CYNTHIA NELSON to serve as Chapter 11 trustee for South Edge, LLC in this case.

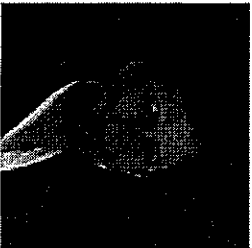
Dated: February 20, 2011

Respectfully submitted,

UNITED STATES DEPARTMENT OF JUSTICE
UNITED STATES TRUSTEE PROGRAM

By: /s/ August B. Landis
AUGUST B. LANDIS
ACTING UNITED STATES TRUSTEE - REGION 17

Select Resumes



Cynthia Nelson Senior Managing Director

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Cynthia Nelson is a senior managing director in FTI's Corporate Finance practice. Ms. Nelson assists stakeholders in evaluating, developing and implementing turnaround plans and restructurings in both judicial and non-judicial circumstances. She has assisted lenders, creditors' committees and debtors in analyzing and developing plans of reorganization, analyzing financing options and market rates of interest, evaluating asset disposition and development plans to maximize value, conducting due diligence in connection with acquisition and financing, negotiating resolution of troubled credits, and providing litigation support and testimony in adversarial proceedings.

Ms. Nelson has more than 25 years of experience in the real estate industry and specializes in advising stakeholders having interests in real estate. She has extensive experience in development and operating companies including those with interests in master planned communities, resorts, offices, hospitality, mixed-use and multi-family properties. She started her career with the Newhall Land & Farming Company, developers of the New Town of Valencia.

Prior to its acquisition by FTI, Ms. Nelson was a Partner at PricewaterhouseCoopers in its Business Recovery Services practice. Before that, she was a Senior Associate in Investment Services at Jones Lang Wootton USA, an Associate at Laventhol & Horwath in its Real Estate Advisory practice and a Development Assistant at Valencia Company/Newhall Land & Farming.

Ms. Nelson is a frequent speaker at conferences and seminars. She recently was a panelist at the ABI 2010 Winter Leadership conference and at the 2010 California Bankruptcy Forum discussing real estate restructurings. She has published articles in *Daily Bankruptcy Review*, *Turnaround Management*, *CPA Expert*, *ABI Journal*, *Socioeconomic Planning Sciences*, *Location and Stigma*, and *Urban Land*.

Ms. Nelson currently serves as President of the Los Angeles Bankruptcy Forum. She is a member of the Association of Insolvency and Restructuring Advisors, American Bankruptcy Institute, the International Council of Shopping Centers and Turnaround Management Association. She served as Vice Director for the Los Angeles Section American Planning Association and as Chairperson for the California Hospital Medical Center Trustee Associates.

Ms. Nelson holds an M.B.A. and a Master of Planning from the University of Southern California and B.S. in Urban Planning from California State Polytechnic University.



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Select Resumes

Cynthia Nelson Senior Managing Director

(page 2)

Examples of significant engagements, including those involving large scale land development, master planned communities and homebuilders include:

- General Growth Properties – Serving as financial advisor to the Committee of Unsecured Creditors in GGP's Chapter 11 proceedings, the largest real estate bankruptcy in US history. FTI also served as pre-petition financial advisor to the senior unsecured lending group with \$2.6 billion of debt outstanding. Ms. Nelson led the pre-petition efforts and co-led FTI's engagement post-petition. The company recently emerged from bankruptcy under a plan that provides unsecured creditors with a 100% recovery. GGP, owns, develops, and operates over 200 regional shopping malls, various office properties and seven master planned communities across the United States..
- Fulton Homes – Leading FTI team on behalf of Bank Group with more than \$160 million in unsecured debt owing in connection with the Chapter 11 bankruptcy proceedings of Fulton Homes, an Arizona-based homebuilder. Services have included analysis of the Company's historical and projected financial statements and operating trends, review and evaluation of the Company's business plan and multiple plans of reorganization filed with the Court, preparation of a competing plan of reorganization on behalf of the Bank Group, and developing alternative strategies and restructuring proposals to optimize recovery for the Bank Group. Together with counsel, Ms. Nelson is leading with negotiations with the debtor in connection with potential settlement.
- Fortis Bank de Nederland –Led engagement team in providing asset management and disposition services to Fortis Bank in connection with the out-of-court resolution of a multi-million dollar credit involving a portfolio of residential and commercial acreage in California. Services included valuation, market and financial analysis, broker selection and oversight, formulation of development strategies, analysis of entitlement risk, solicitation and evaluation of offers to purchase, hiring and supervising of consultants and contractors and other matters associated with managing, re-entitling and disposing of the portfolio to maximize value and recovery.



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Select Resumes

Cynthia Nelson
Senior Managing Director

(page 3)

- Woodside – Co-led FTT's engagement as financial advisor to the noteholders and subsequently, as financial advisor to the Unsecured Creditors Committee of this Utah-based national homebuilder. FTT reviewed the Company's business plan and restructuring proposals, developed alternative strategies and restructuring proposals to maximize value and recovery, assessed the company's joint ventures, analyzed the Company's historical and projected financial statements and operating trends, assessed the Company's liquidity needs and worked consensually with Debtors' advisors to formulate a plan or reorganization that transferred ownership of company to creditors.
- Transeastern Homes – FTT assisted this major Florida-based homebuilder to maintain funding under its \$600+ million revolving facility despite borrowing base and financial covenant defaults and subsequent discussions with its secured lenders and majority equity partner to restructure its debt facilities. Led FTT's engagement team in developing in-depth analyses of 25 Florida new home communities with approximately 14,800 potential homes across all markets in Florida. We gathered and reviewed all development and entitlement assumptions and created a comprehensive cash flow model to forecast the build-out of the entire inventory as well covenant and accounting performance. This model was key to forming a consensus among the various constituencies regarding the most desirable strategic alternatives to maximize the potential value of the company. We also advised the company relative to continuing construction, including development of a "new urbanism" project, and in managing community development districts.
- Restructuring of Mezzanine Debt to Entity Owning Multiple Mixed Use and Development Projects – Led engagement team to advise lender in the restructuring of a mezzanine loan to a borrower owning majority, non-controlling interests in 40+ property owning entities. Services included valuing underlying real estate, understanding development and entitlement risk, evaluating the potential value of various development properties of the guarantors and negotiating with the borrower to invest additional capital to fund ongoing project development. A critical aspect of the engagement was evaluating the value of and risks associated with the guarantors given significant declines in the value of the underlying real estate in the property-owning entity (all secured with senior, property-level debt). Effectuated a successful out-of-court restructuring that included a significant payoff of the outstanding debt.



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Cynthia Nelson Senior Managing Director

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- American Eagle Privatized Military Housing Portfolio – Led FTI's engagement as financial advisor to the bondholders associated with the American Eagle privatized military housing portfolio which involved approximately \$500 million in defaulted bonds associated with five multifamily housing development projects located throughout the country. These bonds, which reflected varying maturities and seniority levels, were successfully restructured and bondholders are anticipated to receive full repayment of their outstanding debt, plus interest. The principal focus of FTI's work efforts involved analysis of a sale of four of the projects to a new owner, The Falcon Group, a joint venture of Hunt Development Group and Pinnacle AMS Development Company. FTI provided restructuring advice, property level financial analyses and construction consulting services, and worked closely with counsel to the bondholders and all stakeholders (the issuer, US military and the purchaser) to negotiate a successful restructuring.
- Rancho Bellevue Master-Planned Community – Led engagement to provide valuation and advisory services in connection with a dispute involving the purchase and development of 1,000+ acres in the Rancho Bellevue master-planned area of Merced, CA. Our work encompassed analysis of the as-is value of a large scale, multi-phase land development involving properties in various stages of completion, including single family and multifamily parcels, commercial and open space parcels. Our work product was successfully used in mediation of the dispute between the parties and resulted in our client receiving a favorable settlement.
- Northwest Indiana Carpenters Pension Fund – Led engagement to assist this pension fund in evaluating options with respect to its ownership of a portion of a master planned community in Northwest Indiana designed as a "new urbanism" community.
- Playa Vista, Los Angeles, California – On behalf of Bankers Trust, led analysis of the value, development potential, and absorption by market segment for the largest urban in-fill residential development in the nation.



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Select Resumes

Cynthia Nelson Senior Managing Director

(page 5)

- Pageantry Homes – Led engagement team to assist this homebuilder/developer in developing and analyzing options for the restructuring of its debt in connection with the development of large scale master planned communities in the Pacific Northwest. Included development of alternative financial scenarios, strategy and proposal for discussion with lender.
- The Dale Poe Company – Led team in the financial analysis of numerous residential land development projects, including Stevenson Ranch, a 3,000-acre residential community in California. Our engagement included identification and modeling of cash flows, liquidity constraints and their effect on partnership distributions. Evaluated and assisted developer to formulate financial and exit strategy. Considered alternative scenarios including the effects of future zoning and entitlement issues, as well as water rights and availability. Developed cash flows and valuation estimates for other Poe Development projects including Silverhawk and Calabasas Business Park. Assisted company in negotiations with its major secured lender to consensually restructure its credit facility.
- Talega Valley Ranch – Conducted due diligence analysis and provided strategic advisory services in conjunction with evaluation of investment and development plans for a 2,300-acre, 4,500-unit master planned community in Orange County, California.
- Ritz-Carlton Cabo del Sol, Baja California Sur, Mexico – Led analysis of damages sustained due to breach of partnership agreement involving the development of Ritz-Carlton Hotel, fractional interest residential product, single family attached and detached homes and championship golf course in the 1,800-acre Cabo del Sol master-planned community located in the Cabo San Lucas resort area of Mexico.
- Hunter's Ridge, Fontana, California – Prepared a valuation and feasibility study of a proposed mixed-use development encompassing 3,000 acres at the base of the San Gabriel mountains.



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EXHIBIT “B”



Entered on Docket
February 23, 2011

Bruce A. Markell

Hon. Bruce A. Markell
United States Bankruptcy Judge

AUGUST B. LANDIS, ACTING UNITED STATES TRUSTEE
FOR REGION 17
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UNITED STATES DEPARTMENT OF JUSTICE
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Las Vegas, Nevada 89101
Telephone: (702) 388-6600 Attorney Ext. 235
Facsimile: (702) 388-6658

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA

In re:

SOUTH EDGE, LLC,

Debtor.

Chapter 11

Case No. BK-S-10-32968-bam

Hon. **BRUCE A. MARKELL**, Presiding

Date: February 3, 2011

Time: 9:30 a.m.

Place: Courtroom # 3

ORDER APPROVING APPOINTMENT OF CYNTHIA NELSON
AS CHAPTER 11 TRUSTEE

Upon consideration of the United States Trustee's *Ex Parte* Application for Order
Approving Appointment of Trustee [Docket # 446] , with appropriate parties-in-interest having
been consulted, pursuant to 11 U.S.C. § 1104(d) and FED. R. BANK. P. 2007.1(C),

1 **IT IS ORDERED** that the Acting United States Trustee's *Ex Parte* Application for
2 Order Approving Appointment of Trustee is **GRANTED**, and the appointment of CYNTHIA
3 NELSON as trustee for the estate of South Edge, LLC is **APPROVED**.

4
5 **Submitted by:**

6 **UNITED STATES DEPARTMENT OF JUSTICE**
7 **OFFICE OF THE UNITED STATES TRUSTEE**

8
9 By: /s / August B. Landis
10 AUGUST B. LANDIS
 ACTING UNITED STATES TRUSTEE - REGION 17

11 **Manner Of Service of Proposed Order Certification**

12 In accordance with Local Rule 9021(c), the undersigned certifies that no opposition to
13 the *Ex Parte* Application for Order Approving Appointment Trustee was filed. That application
14 and this form of order were filed *ex parte*. No other party received service of the *ex parte*
15 motion or this form of order.

16 I declare under penalty of perjury that the foregoing is true and correct.

17
18 **UNITED STATES DEPARTMENT OF JUSTICE**
19 **OFFICE OF THE UNITED STATES TRUSTEE**

20 By: /s / August B. Landis
21 AUGUST B. LANDIS
22 ACTING UNITED STATES TRUSTEE - REGION 17

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